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Message Text

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67
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 IGA-02 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01

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P 242113Z MAY 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 3963

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EO 11652: NA
TAGS: EGEN VE
SUBJECT: CORDIPLAN DIRECTOR SPEAKS TO AMERICAN CHAMBER
ON VENEZUELA'S NEW ECONOMIC PROGRAM

1. THIS IS PRELIMINARY REPORT ON SPEECH OF GUMERSINDO RODRIGUEZ, CHIEF OF THE PRESENT'S OFFICE OF PLANNING AND COORDINATION, TO GENERAL LUNCHEON OF AMERICAN CHAMBER OF COMMERCE FRIDAY, MAY 24, ON EFFECTS OF NEW ECONOMIC MEASURES RECENTLY ANNOUNCED BY PRESIDENT PEREZ. ANALYSIS WILL BE SENT LATER WHEN WE RECEIVE TEXT. SPEECH AND ANSWERS TO QUESTIONS WERE CANDID AND REASSURING, STRESSING BELIEF IN CONTINUING GOOD ATMOSPHERE FOR PARTNERSHIP WITH FOREIGN INVESTMENT.

2. CHAMBER INVITED INTERESTED OUTSIDERS TO ATTEND IF THEY WISHED AND ATTENDANCE WAS OVER 500 PERSONS, INCLUDING REPRESENTATIVES FROM SEVERAL EUROPEAN EMBASSIES. RODRIGUEZ IN AN HOUR-LONG SPEECH REVIEWED IN DETAIL MEASURES ANNOUNCED IN PRESIDENT'S APRIL 29 SPEECH, AND EXPLAINED REASONS WHY THEY HAD BEEN TAKEN.

3. ONLY ESSENTIALLY NEW POLICY ANNOUNCEMENT WAS THAT RESTRICTIONS
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ON VENEZUELAN BANK LOANS TO FOREIGN EN-

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TERPRISES WITHIN VENEZUELA
IS LIFTED. (COMMENT: WHILE THIS IS HELPFUL TO AMERICAN ENTER-
PRISES HERE, IT IS LOGICAL MOVE FOR VENEZUELA TO MAKE IN VIEW OF
HIGH LIQUIDITY HERE.)

4. MINISTER OF COMMERCE CARMELO LAURIA SHARED QUESTION AND
ANSWER PERIOD WITH RODRIGUEZ, TAKING LION'S SHARE OF THEM. ASKED
WHETHER GOVERNMENT INSTEAD OF PUNITIVE ACTION OF REQUIRING FIRMS
TO VENEZUELANIZE WITHIN THREE YEARS, MIGHT GIVE FIRMS WITH LONG
AND LARGE INVESTMENT LONGER PERIOD, HE SAID IT WAS NOT
GOVERNMENT'S INTENT TO BE PUNITIVE, BUT ANDEAN PACT HAD
ESTABLISHED 3-YEAR LIMIT FOR CONVERSION.

5. RODRIQUEZ AND LAURIA PARTICULARLY STRESSED NEED FOR EFFICIENCY
IN BUSINESS. WHEN ASKED WHETHER GOVERNMENT WOULD GIVE PARTICULAR
CONSIDERATION TO EFFECTS OF SALARY INCREASES ON SMALL AND MEDIUM
BUSINESS, LAURIA REPLIED THAT GOVERNMENT IS UNDERTAKING SUBSTANTIAL
PROGRAM TO ASSIST SMALL AND MEDIUM BUSINESS, BUT IT DOES NOT WISH
TO SUBSIDIZE INEFFICIENCY AND TRUSTS THAT COMPETITION WILL DRIVE
INEFFICIENT BUSINESSES OUT.

6. LAURIA COMMITTED HIMSELF TO REPLY IN WRITING TO THE MANY
QUESTIONS THERE WAS NO TIME TO ANSWER.

7. COMMENT: THIS IS EARLY STAGE OF EFFORT OF VENEZUELAN GOVERNMENT
TO PRESENT ITS NEW POLICIES IN FAVORABLE LIGHT, AND TO REASSURE
FOREIGN INVESTORS AND BUSINESS. ENGLISH-LANGUAGE DAILY JOURNAL
SAME DAY PUBLISHED SUPPLEMENT ON FINANCIAL SITUATION IN VENEZUELA
INCLUDING SPECIAL INTERVIEWS WITH GUMERSINDO RODRIGUEZ AND WITH
MINISTER OF FINANCE HECTOR HURTADO. BOTH ASSERTED, AS PRESIDENT
DID RECENTLY IN ANNOUNCING IRON INDUSTRY ORGANIZATION PLANS, THAT
VENEZUELAN GOVERNMENT WILL OPERATE WITHIN CAPITALIST FRAMEWORK,
MODIFIED TO MAKE NECESSARY SOCIAL CHANGE. BOTH ALSO INDICATED
GOVERNMENT WISHED TOMAKE RULES FOR FOREIGN INVESTMENT COMPLETELY
CLEAR SO THAT FOREIGN INVESTORS COULD BE SURE THERE IS ROOM FOR
BENEFICIAL RELATIONSHIP. RODRIGUEZ TOOK INITIATIVE IN ASKING TO
SPEAK TO CHAMBER IN OFF-SCHEDULE GENERAL LUNCHEON MEETING,
AFTER HAVING BACKED OUT OF PREVIOUS COMMITMENTS TO SPEAK
BEFORE PRESIDENT'S ECONOMIC POLICIES HAD BEEN ANNOUNCED. HE IS
SCHEDULED TO SPEAK SOON ON SAME SUBJECT TO VENEZUELAN ASSOCIATION
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EXECUTIVES. RODRIGUEZ AND LAURIA, WITH OTHER ECONOMIC MINISTERS,
ARE LUNCHING WITH ME NEXT MONDAY.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, ECONOMIC PROGRAMS, SPEECHES, CHAMBERS OF COMMERCE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA04734
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740131-0197
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740521/aaaaarxs.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 23 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 SEP 2002 by boyleja>; APPROVED <10 JAN 2003 by garlanwa>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CORDIPLAN DIRECTOR SPEAKS TO AMERICAN CHAMBER ON VENEZUELA'S NEW ECONOMIC PROGRAM
TAGS: EGEN, VE, US, CORDIPLAN, (RODRIGUEZ, GUMERSINDO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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